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RUEHKF/AMCONSUL KARACHI PRIORITY 9347
RUEHLH/AMCONSUL LAHORE PRIORITY 5144
RUEHPW/AMCONSUL PESHAWAR PRIORITY 3841
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RHWSMRC/USCINCCENT MACDILL AFB FL PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 001269

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E.O. 12958: DECL: 03/24/2028
TAGS: [PREL](#) [PGOV](#) [MASS](#) [MARR](#) [PK](#)
SUBJECT: CSF AND THE POTENTIAL FOR CIVIL-MILITARY TENSION

REF: A. ISLAMABAD 105
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REF: A. ISLAMABAD 105
[1](#)B. ISLAMABAD 191
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[1](#)H. 07 ISLAMABAD 3694
[1](#)I. 07 ISLAMABAD 4817
[1](#)J. 07 ISLAMABAD 5328

[1](#)1. (C) Summary: Coalition Support Fund (CSF) reimbursements are a major political and economic factor in our bilateral relations with Paki \$200 million-a rate that if annualized would be more than double CSF's authorization for FY 2008. On the political/economic side, a new civil A STRUGGLING ECONOMY AND A NEW GOVERNMENT

[1](#)2. (C) Over time, Pakistan's government has become increasingly dependent on the nearly \$1 billion per year in CSF reimbursements. Greater

[1](#)3. (C) Because of greater scrutiny, the delay in reimbursing the March - June 2007 CSF claims, paid on February 25, 2008, combined with the \$200 million budget support payment has exacerbated Pakistan's fiscal straits. As a result, the GOP is increasingly concerned about its ability. However, the GOP is increasing food subsidies and facing a \$1 billion revenue shortfall.

[1](#)4. (C) Pakistan is undergoing a transition from a government controlled by the military - through President/General Musharaff and his hand

[1](#)5. (C) The Pakistan People's Party (PPP) finance expert, Syed Naveed Qamar, has been briefed on CSF reimbursements and asked Ambassador (ISLAMABAD 00001269 002 OF 002

the military budget should be more transparent and subject to parliamentary scrutiny.
GROWING PRESSURE ON THE MILITARY

[1](#)6. (C) At the same time the Pakistani military has become increasingly anxious about the long-term viability of CSF. They are aware of th

[1](#)7. (C) During recent high level exchanges senior Pakistani military officials expressed concern about the future of CSF, arguing that it Post received a record CSF claim for December of \$155 million which projects to an annual rate of \$1.8 billion, a level which would exceed th

[1](#)8. (C) The Pakistanis argue that the increase in tempo should be accompanied by corresponding increases in the value of reimbursements. They Additionally, the Pakistanis have continued to argue that CSF should be used to pay a subsidy for basic soldier compensation as well as for k They cite the recent assassination of the Army's Surgeon General as further evidence of the increased costs associated with partnering with According to them, the loss of yet another senior officer has resulted in a new requirement to purchase armored cars to protect all of its ge

[1](#)9. (C) Comment: If CSF is going to be reformed it must be done soon. Delaying much longer threatens to create tension between a civilian End Comment.

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